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BEFORE THE ARIZONA CORPORATION COMMISSION  
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AZ CORP COMMISSION  
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IN THE MATTER OF THE NOTICE OF  
PROPOSED RULE MAKING REGARDING  
THE TRANSPORTATION OF NATURAL  
GAS, OTHER GASES AND HAZARDOUS  
LIQUIDS BY PIPELINES

DOCKET NO. RG-00000A-04-0169  
STAFF'S RECOMMENDATION  
REGARDING A.A.C. R14-5-202(S)(1)  
AND R14-5-205(P)(1)

In its August 16, 2004, filing Arizona Corporation Commission Staff indicated it was supporting the comments of UNS Gas. Staff would propose that the proposed regulation, R14-5-205(S)(1), be modified to read as follows, with UNS Gas' proposed language highlighted in bold:

If an operator of an intrastate natural gas, other gas or hazardous liquid pipeline removes a portion of a pipeline that failed for any reason other than observable external corrosion or third-party damage, **improper installation, poor workmanship, and manufacturing defect**, the operator shall retain the portion that was removed and shall notify the Office of Pipeline Safety of the removal within two hours after the removal is completed. A notice made pursuant to this subsection shall include all of the following:

- a. Identity of the failed pipeline.
- b. Location of the failure.
- c. Date and time of the removal.
- d. Length of the removed portion.
- e. Storage location of the removed portion.
- f. The operator's opinion regarding the probable cause or causes of the failure.
- g. Any additional information about the failure or the removal of the portion of the pipeline that failed that is requested by the Office of Pipeline Safety.

Arizona Corporation Commission

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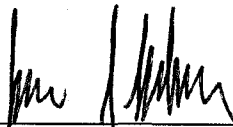
Staff would also request that, since A.A.C. R14-5-205(P)(1) is the same provision except that it applies to master meter system operators, it be modified to read as follows, with UNS Gas' proposed language highlighted in bold:

If an operator of a master meter system removes a portion of a pipeline that failed for any reason other than observable external corrosion or third-party damage, **improper installation, poor workmanship, and manufacturing defect**, the operator shall retain the portion that was removed and shall notify the Office of Pipeline Safety of the removal within two hours after the removal is completed. A notice made pursuant to this subsection shall include all of the following:

- a. Identity of the failed pipeline.
- b. Location of the failure.
- c. Date and time of the removal.
- d. Length of the removed portion.
- e. Storage location of the removed portion.
- f. The operator's opinion regarding the probable cause or causes of the failure.
- g. Any additional information about the failure or the removal of the portion of the pipeline that failed that is requested by the Office of Pipeline Safety.

Staff would request that UNS Gas' proposed modification be adopted.

RESPECTFULLY SUBMITTED this 19<sup>th</sup> day of August, 2004.

  
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The original and thirteen (13) copies of the foregoing filed this 19<sup>th</sup> day of August, 2004, with:

1 Docket Control  
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5 Copies of the forgoing document was  
6 mailed this 19<sup>th</sup> day of August, 2004 to:

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